



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0374	Title:	Fund1161 construction of new local libraries
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Primary Sponsor:	French, Julie	Status:	As Introduced
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|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund (01)	\$5,000,000	\$0	\$0	\$0
State Special (02)	\$96,719	\$93,243	\$93,420	\$93,601
Revenue:				
General Fund (01)	\$0	\$0	\$0	\$0
State Special (02)	\$4,903,281	(\$93,243)	(\$93,420)	(\$93,601)
Net Impact-General Fund Balance:	<u>(\$5,000,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal Impact: HB 374 would establish a program to provide loans and grants for construction and renovation of public libraries. Section 7, would transfer \$5 million from the general fund to a revolving loan account to be administered by the State Library Commission.

FISCAL ANALYSIS

Assumptions:

1. Section 3 of HB 374 creates a revolving loan account to be administered by the Montana State Library Commission. An appropriation of \$5 million from the general fund would transfer into this account.
2. HB 374 allows any interest or income earned on the loans to be deposited back into this account.
3. The Montana State Library (MSL) would set up a STIP account with the Board of Investments to manage this account.
4. Funds from this revolving loan account would be spent through an expendable trust fund.

5. MSL would establish a Statewide Library Construction Review Committee (SLCRC) which would work with the State Library Commission to establish program set forth in HB 374.
6. Administrative rules would be established to help govern the program.
7. MSL would need to implement a public library needs assessment to determine the extent of facilities improvements required statewide. A cost of such an assessment is not currently known.
8. Section 5, Subsection (2) states: “Administrative costs may not exceed 5% of the total loans and grants.” MSL would assume the intent is to permit the Commission to pay administrative costs associated with administering the program out of the funds in the revolving account.
9. This program will require an additional 1.00 FTE; band 7 Librarian, which will serve as the “Project Development Specialist.” The position will assist in creating various program components such as procedures and applications; will help applicants with the application and implementation process; and will assist in awarding and monitoring the projects through project completion.
10. Various contracted services would provide specialized expertise as required. A project review architect and project consultants would be needed. This fiscal note estimates the cost of those services would be approximately \$25,000 depending on the number and size of project awards.
11. Operating expenses would be \$10,552 during FY 2008 to pay for computer, network connections, software, office equipment, supplies, phone, postage and travel.
12. It is assumed the influx of \$5 million is a one time only appropriation. The dollar amount to be distributed in grants or loans is unknown at this time.
13. Future appropriations to this program are not included in the fiscal note. The needs assessment and rules need to be established before any estimate can be made.
14. Inflation in the 2011 biennium is assumed to be 2.5% per year from the FY 2009 amounts.

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	1.00	1.00	1.00	1.00
<u>Expenditures:</u>				
Personal Services	\$61,167	\$61,167	\$62,696	\$64,264
Operating Expenses	\$35,552	\$32,076	\$32,878	\$33,700
Transfers - State Special (02)	\$5,000,000	\$0	\$0	\$0
TOTAL Expenditures	\$5,096,719	\$93,243	\$95,574	\$97,963
<u>Funding of Expenditures:</u>				
General Fund (01)	\$5,000,000	\$0	\$0	\$0
State Special (02)	\$96,719	\$93,243	\$95,574	\$97,963
TOTAL Funding of Exp.	\$5,096,719	\$93,243	\$95,574	\$97,963
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special (02)	\$5,000,000	\$0	\$0	\$0
TOTAL Revenues	\$5,000,000	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$5,000,000)	\$0	\$0	\$0
State Special (02)	\$4,903,281	(\$93,243)	(\$95,574)	(\$97,963)

Effect on County or Other Local Revenues or Expenditures:

Montana Association of Counties (MACO)

1. There could be a reduced cost to counties that choose to build new library buildings.

Local Government

2. House Bill 374 opens the door to local governments for some loans/grants for library facility enhancements but does require the recipient local government to make local contributions (matching funds) to the projects (Section 4). If the local government cannot demonstrate the ability to match the project loan or grant, it would appear they would not get the loan or grant.
3. The loan or grant would constitute either grant revenue or other financing sources for the loans with corresponding expenditures for the total project purpose (loan/grant and local match) for remodeling and/or improvements.

Sponsor's Initials

Date

Budget Director's Initials

Date